

Is it time to get out of Atlanta real estate?

Whether you are watching the national news or reading the local papers you have probably noticed a resounding message that real estate has lost its “glitter”. The newsmakers have given a lot of space to the subject of real estate values and how they are changing throughout the nation. As a 30-year veteran of the house-buying business in Atlanta, I love the affect on the general public as it is giving us (and our clients) a great opportunity to profit from this news.

I was a stockbroker in my first career. I was NASD registered for 12 years and made my money watching the swings of the market and profiting on bad news. I made a business out of watching the news media report something bad about an industry or company that was statistically sound. I learned that the public acts very emotionally over bad news, and fails to look closely at reality. There is a bundle to be made buying and selling stocks driven from the front pages of the newspapers. So it is with real estate.

Atlanta is a very stable real estate market. After buying houses here for 30 years I have observed many cycles and have seen house values go up, go flat, and go up again. Seldom have I seen good quality house values slip backwards in the North Atlanta market. There are sections of this market that are being affected like condos and town homes, but the good single-family market is still strong. The builders are trying to slow down their construction but it takes time to accomplish that and in the mean time, they are offering standing inventory at fabulous prices for the astute investor. The high-price houses are suffering the most. Houses over \$400,000 are going back to the banks in droves but the lower priced homes are still strong.

The First Multiple Listing Service reports in great detail price movement in every category, every area, and every price range in the greater Atlanta area. They have statistics for several years and break them down by area and price range, new versus resale, single family versus condos and town homes, etc. Studying these statistics can put you to sleep or help you define where to profit during this real estate market. Look at in-town inventory and you will see a dip in the sale prices. Look at the northern suburbs, in the \$150,000 to \$250,000 category, and you see a different story.

This is the time for students of the house-buying business to make some killer deals. We have some builders offering new houses at below cost prices just to get them off their books. We also see great opportunities in buying resales “subject to” the seller’s loan balance meaning just take over their payments. Foreclosures are up and bargains are plentiful for those who do not let their emotions, and the newspapers, drive their investment decisions.

We feel this will be true for at least another year, hopefully two, but there are some great buys now and it’s time to act. Builders will ultimately adjust their starts to match the demand but in the mean time there is standing inventory that is ripe for the smart buyers.

Investors who have learned to take advantage of swings in the market are identified as “contrarians” i.e. they don’t follow the crowd but rather buy when the market is soft and when other investors are backing away. Great deals are being made now by the smart investors who see the soft market in stable areas (like Atlanta) and are moving to take advantage of it.

We have been buying in the Atlanta market for 30 years and have watched several slumps in the housing market. We missed the first couple of swings not understanding the stability of the Atlanta market. Today we are buying lots of houses and taking advantage of the overall timidity of the crowd-following real estate investor. I know from experience that I will look back on this market with a smile as I count my chips. This is the time for boldness in the Atlanta market not timidity.

To demonstrate our confidence in this buyers market we are doing more and more joint deals than we have ever done before by partnering with investors. We have several “participation” plans where we wait for some of our fees in exchange for an equity position in the property.

One of the recent connections we have made is with the mortgage department of Bank of America. Their economic forecasters have studied every major zip code in the nation to determine where to keep doing loans and where to stop doing loans. The counties in our North Atlanta market is one of the strongest in the nation and BoA is making ‘easy to qualify’ investor loans here when they are making no loans in other parts of the country. BoA offers investors with good credit scores 90% loans at 6.75% requiring NO DOCUMENTATION. You heard right; no doc loans at the same interest rate as FULL DOC loans. This means they run a credit report, get an appraisal and go to closing. They will not do this in many counties in America because of the foreclosure rates and economic forecast but in our area of North Atlanta they will make these loans.

This is the kind of economic information that continues to excite us about buying now in North Atlanta. Builders need us Tenants are readily available ... Rents are holding ... and opportunities abound. This is definitely the time to be buying in North Atlanta!